

# 2011 Property Tax Report

## Washington County

### with Comparisons to Prior Years



Legislative Services Agency

September 2011

This report describes property tax changes in Washington County between 2010 and 2011, with comparison to changes since 2007. In 2011, the changes from the big tax reform of 2008 were fully phased in with the elimination of the last of the state homestead credits. The 2009 recession affected assessments and local tax credits in many counties. Changes in local levies and assessments also were important in many counties.

#### Comparable Homestead Property Tax Changes in Washington County

The average homeowner saw a 9.6% tax bill increase from 2010 to 2011.
Homestead taxes in 2011 were still 23.6% lower than they were in 2007, before the property tax reforms.
83.3% of homeowners saw lower tax bills in 2011 than in 2007.
38.5% of homeowners saw tax increases of between 1% and 19% from 2010 to 2011.
The largest percentage of homeowners have seen between a 10% and 39% decrease in their tax bills from 2007 to 2011.

	2010 to 2011		2007 to 2011	
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total
<b>Summary Change in Tax Bill</b>				
Higher Tax Bill	4,338	68.7%	999	15.8%
No Change	252	4.0%	58	0.9%
Lower Tax Bill	1,727	27.3%	5,260	83.3%
<b>Average Change in Tax Bill</b>	<b>9.6%</b>		<b>-23.6%</b>	
<b>Detailed Change in Tax Bill</b>				
20% or More	1,907	30.2%	438	6.9%
10% to 19%	1,059	16.8%	183	2.9%
1% to 9%	1,372	21.7%	378	6.0%
0%	252	4.0%	58	0.9%
-1% to -9%	851	13.5%	632	10.0%
-10% to -19%	354	5.6%	955	15.1%
-20% to -29%	181	2.9%	1,162	18.4%
-30% to -39%	122	1.9%	963	15.2%
-40% to -49%	45	0.7%	568	9.0%
-50% to -59%	45	0.7%	329	5.2%
-60% to -69%	39	0.6%	186	2.9%
-70% to -79%	21	0.3%	148	2.3%
-80% to -89%	16	0.3%	97	1.5%
-90% to -99%	6	0.1%	86	1.4%
-100%	47	0.7%	134	2.1%
<b>Total</b>	<b>6,317</b>	<b>100.0%</b>	<b>6,317</b>	<b>100.0%</b>

Note: Percentages may not total due to rounding.

★★★★★  
TAX RATE INCREASES, THE  
LOSS OF THE STATE  
HOMESTEAD CREDIT AND  
LOWER LOCAL HOMESTEAD  
CREDITS RAISED HOMEOWNER  
TAX BILLS  
★★★★★

#### Homestead Property Taxes

Homestead property taxes increased 9.6% on average in Washington County in 2011. This was more than the state average of 4.4%. Washington County homestead taxes were still 23.6% lower in 2011 than they were in 2007, before the big tax reform. The larger-than-average homestead tax increase in 2011 was partly due to higher tax rates and partly to the phaseout of the state homestead credit in 2011. The state homestead credit was 4.1% in Washington County in 2010. In addition, Washington County's local homestead credit declined in 2011, due to a drop in the local income tax revenues that fund it.

#### Tax Rates

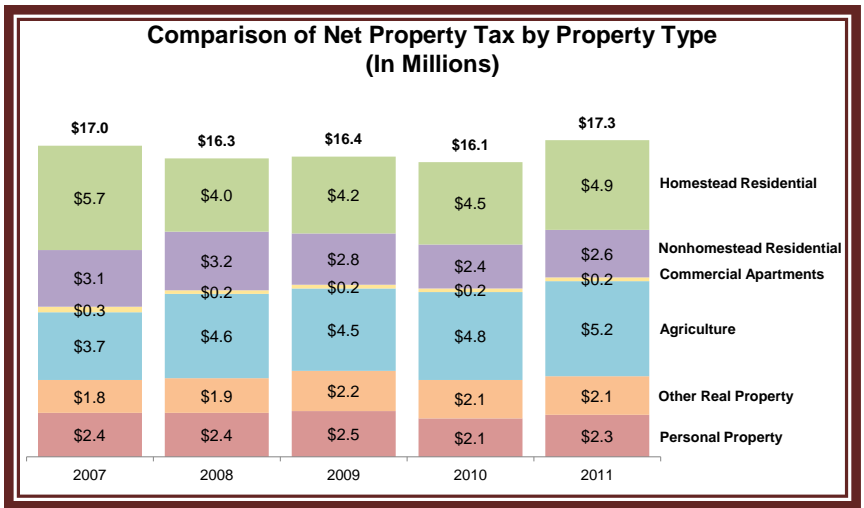
Property tax rates increased in all Washington County tax districts. The average tax rate increased by 3.8% because the increase in net assessed value was exceeded by a larger increase in the levy. Levies in Washington County increased by 5.5%. The biggest levy increases were in the East Washington Schools debt service and bus replacement funds, the Salem Community Schools bus replacement fund, and the county property reassessment and hospital lease rental funds. Washington County's total net assessed value increased 2.0% in 2011. (The certified net AV used to compute tax rates rose by 1.6%.) Homestead and agricultural net assessments increased by 0.6% and 3.0%, respectively. Other residential assessments showed a decrease at 4.7%, while business net assessments increased by 1.2%.

★★★★★★  
**TAX INCREASES FOR ALL TYPES OF  
 NONHOMESTEAD PROPERTY**  
 ★★★★★★

### Net Tax Bill Changes - All Property Types

Net tax bills for all taxpayers increased 7% in Washington County in 2011, more than the statewide increase of 2.8%. Other residential property, which includes smaller rentals and second homes, saw net tax bills increase by 8.5%. Tax bills for commercial apartments increased 4.4%. Business tax bills - which include commercial, industrial and utility buildings, land and equipment - rose by 3.1%. These tax bill increases reflect the higher tax

rates in Washington County in 2011. Agricultural tax bills rose 7%. This was partly due to the 3.2% increase in the base rate assessment of farm land, from \$1,250 to \$1,290 per acre for taxes in 2011.



### Tax Cap Credits

Property taxes are capped at 1% of gross assessed value for homesteads, 2% for other residential property (including rental housing and second homes) and farmland, and 3% for business land, buildings, and equipment. Taxpayers receive credits when their tax bills exceed the caps. Credits are revenue lost to local governments.

★★★★★★  
**TAX CAP CREDITS  
 INCREASED IN 2011**  
 ★★★★★★

Total tax cap credit losses in Washington County were \$1.1 million, or 6.0% of the levy. This was less than the state average loss rate of 9.2%, but more than the median value of 3.8% among all counties. Tax rates are the main determinant of tax cap credits, and Washington County's tax rates were near the state median. Washington County had one tax district with a tax rate well above \$3 per \$100 assessed value, which contributed to its tax cap credits.

More than half of the total tax cap credits were in the 2% nonhomestead/farmland category; most of the rest were in the 3% business category. The largest percentage losses were in the city Salem and the Salem Public Library. The largest dollar losses were in the Salem Community School Corporation, the city of Salem, and the county unit.

Washington County Tax Cap Credits	1%	2%	3%	Elderly	Total	% of Levy
2010 Tax Cap Credits	\$73,755	\$545,391	\$233,876	\$4,380	\$857,402	4.8%
2011 Tax Cap Credits	109,041	666,925	321,566	29,443	1,126,976	6.0%
<b>Change</b>	<b>\$35,286</b>	<b>\$121,534</b>	<b>\$87,690</b>	<b>\$25,063</b>	<b>\$269,574</b>	<b>1.2%</b>

Tax cap credits rose in Washington County in 2011 by \$269,574, or 31%. The additional credits

represent an added loss of 1.2% of the total tax levy. Most of the increase in tax cap credits was in the 2% and 3% tax cap categories. Tax rate increases were the reason. The elimination of the state homestead credit and the drop in local income tax revenue that funds local homestead credits caused much of the 1% tax cap credit increase.

### The Effect of Recession

The 2009 recession had a mixed effect on Washington County assessments for pay-2011. Business property values and construction activity appear to have fallen in Washington County in 2009, but increases in homestead and other residential values and agricultural assessments more than offset this decline. Lower incomes in 2009 resulted in lower local income tax distributions in 2011, which reduced the local homestead credit. Slow assessment growth caused bigger tax rate increases, which added to tax cap credit revenue losses. Lower local credits also added to losses.

★★★★★★  
**2009 RECESSION HAD MIXED EFFECTS  
 ON ASSESSMENTS IN 2011**  
 ★★★★★★

Property Type	Gross AV 2010	Gross AV 2011	Gross AV Change	Net AV 2010	Net AV 2011	Net AV Change
Homesteads	\$778,991,050	\$780,704,460	0.2%	\$295,794,083	\$297,588,709	0.6%
Other Residential	105,966,700	110,876,160	4.6%	105,242,320	110,137,800	4.7%
Ag Business/Land	255,607,200	263,118,800	2.9%	254,649,600	262,338,319	3.0%
Business Real/Personal	216,233,120	213,467,550	-1.3%	171,199,309	173,213,684	1.2%
<b>Total</b>	<b>\$1,356,798,070</b>	<b>\$1,368,166,970</b>	<b>0.8%</b>	<b>\$826,885,312</b>	<b>\$843,278,512</b>	<b>2.0%</b>

Net AV equals Gross AV less deductions and exemptions • Tax rates are calculated on Net AV • Circuit breaker tax caps are calculated on Gross AV

### Washington County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	2011	% Change			
						2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011
<i>County Total</i>	23,351,699	25,118,110	17,686,658	17,793,579	18,768,190	7.6%	-29.6%	0.6%	5.5%
State Unit	22,593	23,290	0	0	0	3.1%	-100.0%		
Washington County	5,148,451	5,474,208	4,260,725	4,392,832	4,595,814	6.3%	-22.2%	3.1%	4.6%
Brown Township	18,119	18,559	19,439	20,076	19,975	2.4%	4.7%	3.3%	-0.5%
Franklin Township	41,572	42,555	45,983	46,926	48,344	2.4%	8.1%	2.1%	3.0%
Gibson Township	35,678	24,620	37,852	37,112	38,291	-31.0%	53.7%	-2.0%	3.2%
Howard Township	10,312	10,899	11,367	11,823	12,046	5.7%	4.3%	4.0%	1.9%
Jackson Township	32,019	34,133	34,188	52,327	51,828	6.6%	0.2%	53.1%	-1.0%
Jefferson Township	13,618	14,545	14,802	15,683	15,964	6.8%	1.8%	6.0%	1.8%
Madison Township	19,364	19,725	20,022	21,296	21,780	1.9%	1.5%	6.4%	2.3%
Monroe Township	29,074	38,451	36,931	32,645	25,489	32.3%	-4.0%	-11.6%	-21.9%
Pierce Township	39,351	41,569	41,219	41,699	42,671	5.6%	-0.8%	1.2%	2.3%
Polk Township	37,854	41,372	40,908	41,853	42,045	9.3%	-1.1%	2.3%	0.5%
Posey Township	32,755	42,992	45,262	46,243	62,198	31.3%	5.3%	2.2%	34.5%
Vernon Township	16,195	16,815	17,682	18,345	18,764	3.8%	5.2%	3.7%	2.3%
Washington Township	151,748	158,777	154,620	160,109	162,083	4.6%	-2.6%	3.5%	1.2%
Salem Civil City	2,160,035	2,371,958	2,382,134	2,376,015	2,441,824	9.8%	0.4%	-0.3%	2.8%
Campbellsburg Civil Town	63,812	63,136	68,747	69,743	72,053	-1.1%	8.9%	1.4%	3.3%
Fredericksburg Civil Town	0	0	0	0	0				
Hardinsburg Civil Town	5,620	5,710	5,997	6,214	6,363	1.6%	5.0%	3.6%	2.4%
Little York Civil Town	786	810	844	874	889	3.1%	4.2%	3.6%	1.7%
Livonia Civil Town	2,354	2,404	2,435	2,642	2,696	2.1%	1.3%	8.5%	2.0%
New Pekin Civil Town	115,513	114,187	127,482	128,686	133,881	-1.1%	11.6%	0.9%	4.0%
Saltillo Civil Town	354	0	0	0	0	-100.0%			
Salem Community School Corp	6,689,023	6,921,860	3,949,816	4,069,926	4,246,280	3.5%	-42.9%	3.0%	4.3%
East Washington School Corp	4,229,824	4,906,176	2,854,054	2,799,383	3,222,915	16.0%	-41.8%	-1.9%	15.1%
West Washington School Corp	3,509,502	3,702,493	2,458,447	2,276,358	2,357,378	5.5%	-33.6%	-7.4%	3.6%
Salem Public Library	251,735	310,350	342,274	344,707	328,287	23.3%	10.3%	0.7%	-4.8%
Brown-Vernon Fire Dist	73,692	75,147	79,722	82,857	82,607	2.0%	6.1%	3.9%	-0.3%
Washington County Solid Waste Mgt Dist	572,364	611,372	602,149	664,108	681,471	6.8%	-1.5%	10.3%	2.6%
Blue River Fire Protection Dist	28,382	29,997	31,557	33,097	34,254	5.7%	5.2%	4.9%	3.5%

# Washington County 2011 Tax Rates, Credit Rates, and Net Tax Rates for Homesteads by Taxing District

Dist #	Taxing District	Tax Rate	Credit Rates						Net Tax Rate, Homesteads
			LOIT PTRC	COIT Homestead	CEDIT Homestead	CEDIT Residential	LOIT Homestead	LOIT Residential	
88001	Brown Township	2.0323	--	--	17.0895%	--	--	--	1.6850
88002	Campbellsburg Town	2.5657	--	--	17.0895%	--	--	--	2.1272
88003	Saltillo Town	2.0323	--	--	17.0895%	--	--	--	1.6850
88004	Franklin Township	1.9692	--	--	17.0895%	--	--	--	1.6327
88005	Gibson Township	1.8727	--	--	17.0895%	--	--	--	1.5527
88006	Little York Town	1.8985	--	--	17.0895%	--	--	--	1.5741
88007	Howard Township	1.9865	--	--	17.0895%	--	--	--	1.6470
88008	Jackson Township	1.9945	--	--	17.0895%	--	--	--	1.6536
88009	Jefferson Township	1.8324	--	--	17.0895%	--	--	--	1.5193
88010	Madison Township	1.9840	--	--	17.0895%	--	--	--	1.6449
88011	Livonia Town	2.0310	--	--	17.0895%	--	--	--	1.6839
88012	Monroe Township	1.8970	--	--	17.0895%	--	--	--	1.5728
88013	Pierce Township	1.9692	--	--	17.0895%	--	--	--	1.6327
88014	New Pekin Town-Pierce Township	2.4589	--	--	17.0895%	--	--	--	2.0387
88015	Polk Township	1.9629	--	--	17.0895%	--	--	--	1.6275
88016	New Pekin Town-Polk Township	2.4685	--	--	17.0895%	--	--	--	2.0466
88017	Posey Township	2.0106	--	--	17.0895%	--	--	--	1.6670
88018	Fredericksburg Town	1.9209	--	--	17.0895%	--	--	--	1.5926
88019	Hardinsburg Town	2.0811	--	--	17.0895%	--	--	--	1.7255
88020	Vernon Township	2.0304	--	--	17.0895%	--	--	--	1.6834
88021	Washington Township	1.9919	--	--	17.0895%	--	--	--	1.6515
88022	Salem City	3.4396	--	--	17.0895%	--	--	--	2.8518

Notes: A *Taxing District* is a geographic area of a county where taxing units overlap, so the sum of the taxing unit tax rates is the total district rate.

The *Tax Rate* is the gross levy divided by net assessed value, in dollars per \$100 assessed value.

The *LOIT*, *COIT*, and *CEDIT* credits are funded by local income taxes.

The *Net Tax Rate for Homesteads* is calculated by reducing the tax rate by the various credit percentages.

### Washington County 2011 Circuit Breaker Cap Credits

Taxing Unit Name	Circuit Breaker Credits by Property Type					Circuit Breaker as % of Levy	
	(1%) Homesteads	(2%) Other Residential and Farmland	(3%) All Other Real/Personal	Elderly	Total	Levy	
<i>Non-TIF Total</i>	109,041	666,925	321,566	29,443	1,126,976	18,768,190	6.0%
<i>TIF Total</i>	0	0	0	0	0	38,229	0.0%
<i>County Total</i>	109,041	666,925	321,566	29,443	1,126,976	18,806,419	6.0%
Washington County	17,702	114,422	52,205	7,291	191,619	4,595,814	4.2%
Brown Township	0	660	0	42	702	19,975	3.5%
Franklin Township	0	0	0	114	114	48,344	0.2%
Gibson Township	0	0	0	46	46	38,291	0.1%
Howard Township	0	0	0	17	17	12,046	0.1%
Jackson Township	0	0	0	146	146	51,828	0.3%
Jefferson Township	0	0	0	8	8	15,964	0.1%
Madison Township	0	10	0	2	12	21,780	0.1%
Monroe Township	0	0	0	25	25	25,489	0.1%
Pierce Township	0	242	0	57	299	42,671	0.7%
Polk Township	0	260	0	60	321	42,045	0.8%
Posey Township	0	160	0	78	237	62,198	0.4%
Vernon Township	0	169	0	20	188	18,764	1.0%
Washington Township	450	2,389	1,328	307	4,474	162,083	2.8%
Salem Civil City	48,811	259,041	143,946	3,401	455,199	2,441,824	18.6%
Campbellsburg Civil Town	0	5,814	0	132	5,945	72,053	8.3%
Fredericksburg Civil Town	0	0	0	0	0	0	
Hardinsburg Civil Town	0	109	0	0	109	6,363	1.7%
Little York Civil Town	0	0	0	6	6	889	0.6%
Livonia Civil Town	0	19	0	0	19	2,696	0.7%
New Pekin Civil Town	0	9,891	0	242	10,132	133,881	7.6%
Saltillo Civil Town	0	0	0	0	0	0	
Salem Community School Corp	35,864	190,331	105,765	6,344	338,304	4,246,280	8.0%
East Washington School Corp	0	23,026	0	6,312	29,338	3,222,915	0.9%
West Washington School Corp	0	22,625	0	2,989	25,614	2,357,378	1.1%
Salem Public Library	3,589	19,045	10,583	544	33,761	328,287	10.3%
Southwest Washington Fire Prot Dist	0	0	0	0	0	0	
Brown-Vernon Fire Dist	0	1,748	0	130	1,878	82,607	2.3%
Washington County Solid Waste Mgt Dist	2,625	16,967	7,741	1,081	28,413	681,471	4.2%
Blue River Fire Protection Dist	0	0	0	49	49	34,254	0.1%
TIF - Washington County-Airport	0	0	0	0	0	2,730	0.0%
TIF - Washington County EDA	0	0	0	0	0	35,499	0.0%

Notes: Circuit breaker tax cap credits are tax savings for taxpayers and revenue losses for local government units. Circuit breaker credits are highest in tax districts with the highest tax rates. These are usually districts that include cities or towns because the municipal tax rate is included in the district tax rate. This means that most circuit breaker credits are in cities and towns and in units that overlap cities and towns.

#### Circuit Breaker Credit Types:

*Homesteads* are owner-occupied primary residences and include homestead land and buildings in the 1% tax cap category. Owner-occupied mobile homes and agricultural homesteads are included in this category. This category only includes credits on the portion of the property that qualifies as a homestead.

*Other Residential/Farmland* includes small rental housing units, larger commercial apartments, second homes, long-term care facilities, and farmland, in the 2% tax cap category.

*All Other Real/Personal* is commercial, industrial, and utility land and buildings, and business equipment, including agricultural equipment, in the 3% tax cap category. This category also includes credits on the portion of homeowner properties that do not qualify as a homestead.

*Elderly* includes credits for the 2% annual limit on homestead tax bill increases for low-income homeowners, age 65 and over.

The *Total Levy by Unit* is gross property taxes levied, before all tax credits. For TIF districts, this amount represents the TIF proceeds before circuit breaker credits. This information is included to allow comparison to the circuit breaker revenue losses.

Numbers may not total due to rounding.